Unveiling the Influence of Board Dynamics and Transparency on Capital Structure in the Banking Sector

Devi Lestari*, Aryani Intan Endah Rahmawati
Department of Sharia Accounting, Faculty of Islamic Economics and Business, UIN Raden Mas Said Surakarta, Indonesia

ABSTRACT

Capital structure volatility in banking companies often stems from financial fraud, eroding public trust and leading to customer fund withdrawals. This study investigates the effects of board size, performance transparency, profitability, and company size on the capital structure of banking firms listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. Using purposive sampling, 181 data points were analyzed through multiple linear regression with EViews 10. The results reveal that board size, profitability, and company size significantly influence capital structure, while performance transparency shows no significant impact. These findings provide valuable insights for banking management in optimizing funding strategies and enhancing risk management practices. The study contributes to the broader understanding of how internal governance dimensions and company metrics shape capital structure decisions, offering practical guidance for enhancing corporate financial stability.

Corresponding Author:
Devi Lestari
Department of Sharia Accounting,
Faculty of Islamic Economics and Business,
UIN Raden Mas Said Surakarta, Indonesia
Email: lestaridevi@gmail.com

INTRODUCTION

Capital structure is the funding derived from a company's internal and external sources. Internal funding comes from operational profits while the company is running, while external funding comes from issued shares and debts to third parties (Júnior, 2022). Banking companies are those that obtain funding from the public, thereby having strong and strict regulations (Lukman et al., 2021). Below is the capital structure data measured using the Debt-to-Equity Ratio (DER) for 19 banking companies from 2020-2022.

Figure 1 shows the fluctuations in the development of banking in Indonesia over three years. As seen in the figure, many banks have experienced a decline in their capital structure compared to the previous year. One of the causes is financial fraud in banking, such as skimming (data theft

through ATMs), cyber-attacks, and customer data embezzlement, which have occurred in recent years (Newswire, 2021; Kompas, 2022; and CNN,2023). This has led to a loss of confidence in the banking system, resulting in withdrawals by customers and consequently a decline in the capital structure.
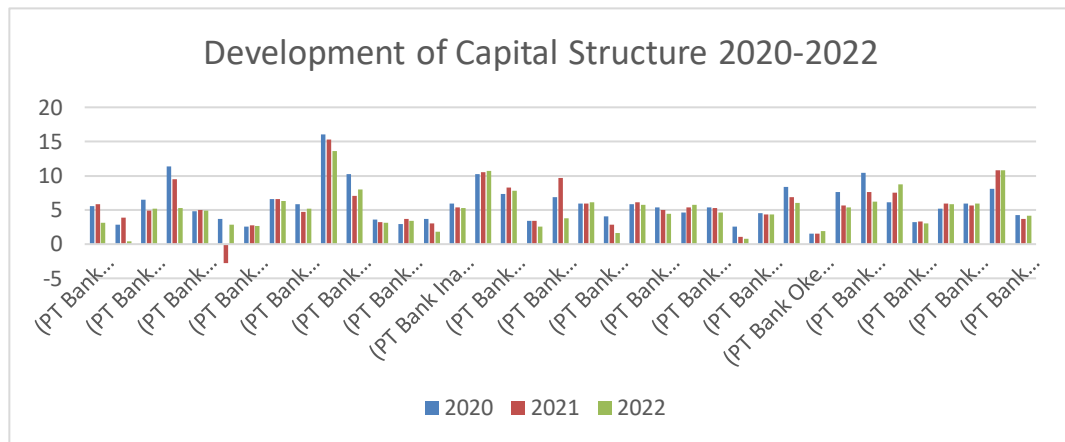

Figure 1. The Development of Capital Structure in Indonesian Banking 2020-2022

Several factors that can influence capital structure are board size, corporate performance transparency, profitability, and company size. The trade-off theory states that every decision must consider the benefits received and the costs incurred. The board of directors has the responsibility to maintain sustainable company growth and generate maximum returns for shareholders (Júnior, 2022). A large board of directors tends to emphasize the use of low debt to improve company performance, thereby reducing capital structure (Momongan et al., 2022). The study by Sanjaya & Mardianto (2021) states that board size has a negative effect on capital structure. However, the study by Yusuf and Sulung (2019) states that board size does not affect capital structure, as performance greatly influences the company's decisions, programs, and strategies.

Factors that can influence the subsequent capital structure include the transparency of information, which is measured by using voluntary disclosure in corporate social responsibility (CSR) reports. Transparency serves as a set of corporate governance mechanisms used to control behavior and reduce information asymmetry. Companies that issue CSR reports indirectly tend to have high profits, thus they do not require a high capital structure (Nindya, 2017). The research by Júnior (2022) and Nindya (2017) found that the transparency of company performance affects the capital structure.

Profitability is the company's profit that indicates the return rate from the use of the company's resources to obtain profits. The trade-off theory explains that companies will use more debt to achieve greater profits because taxable income can decrease (Subing, 2017). The research by Rofi'atun & Nabila (2021) found that capital structure affects profitability. However, the study by Achmad et al (2020) found that profitability does not affect capital structure.

The size of a company indicates its scale, which can be seen through the total value of its assets. The trade-off theory states that the optimal capital structure is a balance between the benefits of debt and the bankruptcy costs associated with debt. Large banks have a lower risk of bankruptcy compared to small banks. This makes it easier for large banks to obtain debt, thereby increasing their capital structure. Research by Hanun (2020) and Subing (2017) found that company size and capital structure have a positive relationship. However, research by Chandrarin & Cahyaningsih (2018) found that company size does not affect capital structure.

This study expands on Júnior's research by adding profitability and company size as independent variables influencing capital structure. The study samples banking companies because the capital structure of banks largely depends on customer trust, making them susceptible to fluctuations. A deep understanding of the factors affecting capital structure is crucial for taking preventive measures and devising appropriate strategies to maintain the financial stability and health of banks.

The overall presentation of this research is organized as follows. The introduction, literature review, and hypothesis development, research methods, as well as results and discussion, are

presented sequentially. Conclusions, limitations, and suggestions for future research are provided in the final section of this paper.

Literature Review

Agency Theory

According to Widijaya and Peny (2020), agency theory is a stakeholder theory between the principal and the managerial. Management acts as the agent of the shareholders, while the principal refers to the shareholders who are the owners of the company. The interests between the agent and the principal give rise to agency costs, which are the costs used to supervise the work done by management. The use of funds sourced from debt can be used to control the behavior of management in managing the company so as not to harm the shareholders. Debt can be used as a source of funding and can have a positive impact on the company's value (Chandrarin & Cahyaningsih, 2018).

Trade-off Theory

The trade-off theory is that every capital structure decision made must consider a balance between the benefits received and the costs incurred (Momongan et al., 2022). The trade-off theory explains the relationship between taxes, bankruptcy risk, and the use of debt resulting from the company's capital structure decisions. The trade-off theory in capital structure is about balancing the benefits and sacrifices that arise as a result of using debt (Novitasari et al., 2020).

Capital Structure

The capital structure is the combination of various sources of funding for the company's operations, obtained from debt and equity. Investors provide funds to the company, and in return, they will receive cash flows from the company as compensation for their current loans (Júnior, 2022).

Board of Directors Size

The board of directors is the highest decision-making body in a company, responsible for ensuring the company's growth to maximize profits for investors. Additionally, the board is tasked with overseeing and disciplining senior management (Sheikh & Wang, 2022).

Company Performance Transparency

Company performance transparency is the accountability of financial reporting by providing a corporate social reporting (CSR) report. A company that conducts its activities without considering social and environmental aspects will decrease public trust. The company can disclose CSR to mitigate these negative impacts (Wardani & Lestari, 2022).

Profitability

Profitability is the ability of a company to achieve profits from sales and investment income. This profitability ratio functions to measure the overall effectiveness of management, seen from the size of the profit level obtained from the company's sales and investments. Profitability ratios can also be viewed as the ratio used to measure the company's ability to utilize its available financial resources (Novitasari et al., 2020).

Company Size

Company size refers to the scale of the company, which can be observed from its total assets. Investors can use company size to assess the investment risk associated with the company. If a company has a high level of financial capability, it can fulfil all its obligations and meet the return levels as stipulated in the initial agreement (Junior, 2022).

This study explains the influence of the relationship between the independent variables (X) and the dependent variable (Y). The independent variables used in this study are board size (X1), corporate social reporting disclosure (X2), profitability (X3), and company size (X4). The dependent variable used in this study is the capital structure. The following is the conceptual framework for this study.
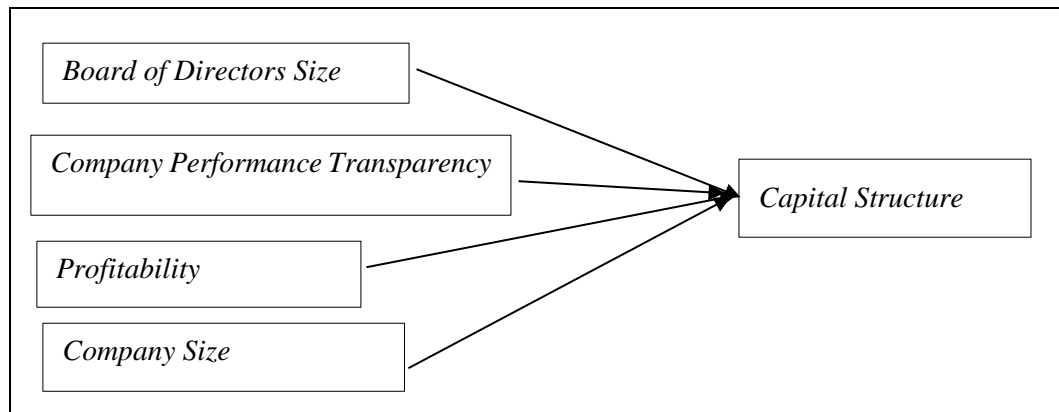
Figure 2. Research Framework

Hypotheses Development

The Influence of Board Size on Capital Structure

The board of directors plays a supervisory and decision-making role within a company. The trade-off theory states that every decision regarding capital structure should consider the balance between the benefits received and the costs incurred. A larger board of directors creates a more stable corporate governance, thereby tightening oversight over debt usage. Considering the benefits and costs incurred, a larger board of directors tends to decrease the capital structure because debt increases the cost of obligations. A larger board of directors pushes managers to use internal funds as the primary source of financing (Widijaya & Peny, 2020).

Research by Sanjaya & Mardianto (2021) and Momongan et al. (2022) states that board size has a negative influence on capital structure. This is because a larger board of directors tends to emphasize low debt usage to improve company performance.

H$_1$: Board size has a negative influence on capital structure.

The Influence of Corporate Performance Transparency on Capital Structure

Corporate performance transparency is measured by the disclosure of Corporate Social Responsibility (CSR), which is the company's contribution to its employees and their families, as well as to the local community and the general public to improve the quality of life beneficially (Júnior, 2022). Agency theory states that principals will monitor the shares invested in the company through accountability reports (Sakinah & Ibrahim, 2016). Companies that issue accountability reports can attract investors to invest in their shares. Companies with high share ownership do not need high corporate debt and high capital structure, because with the existence of CSR reports, the company indirectly already has high profits (Nindya, 2017). Júnior (2022) found that disclosure of corporate performance transparency has a negative effect on capital structure. Companies that disclose CSR can reduce capital costs because investors perceive the company as less risky and capable of functioning well without high debt value.

H$_2$: Corporate Performance Transparency Has a Negative Effect on Capital Structure

The Influence of Profitability on Capital Structure

The trade-off theory states that every capital structure decision must consider the balance of benefits received and costs incurred (Momongan et al., 2022). Darajati & Hartomo (2020) argue that companies with high profitability tend to use more debt in their capital structure. This is because banks experience an increase in their credit distribution, allowing them to cover debt costs for customers. High profits also lead companies to use more debt to achieve greater benefits since large debts result in smaller taxable profits (Subing, 2017).

Studies by Rofi'atun & Nabila (2021) and Sawiyah & Riduwan, (2022) indicate that profitability has a positive effect on capital structure. Capital is an important factor for banks in business development and as a cushion during losses. Large capital also enables banks to create larger

credits, thus increasing profits. With substantial capital, banks will be more willing to extend large amounts of credit.

H3: Profitability has a positive effect on capital structure.

The Influence of Company Size on Capital Structure

The trade-off theory states that the optimal capital structure is a balance between the benefits of debt and the bankruptcy costs associated with debt. Large banks have a lower risk of bankruptcy compared to small banks. This allows large banks to obtain debt more easily. Consequently, large banks will use more external funds in their capital structure compared to small banks (Novitasari et al., 2020).

The size of a bank is proxied by the total assets used for the company's operational activities. An increase in assets, followed by an increase in operational results, will further boost public confidence in depositing their funds and investors in investing their funds in the bank, thereby increasing its capital structure (Wahdati & Santoso, 2017). Research by Hanun (2020); Subing (2017); and Achmad et al (2020) state that company size has a positive effect on capital structure.

H4: Company size has a positive effect on capital structure.

METHOD

Sample Selection and Data Sources

The scope and object of this research are banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022. The population used in this research includes all banking sector companies that were listed on the IDX from 2018 to 2022. The sampling technique used in this research is purposive sampling with the following criteria:

1. Banking companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022.
2. Banking companies that have changed their names or merged with other companies during the period of 2018 to 2022.

A total of 37 banking companies and 185 financial statement data that meet these criteria were used as samples in this research.

Variable Measurement

This study uses capital structure as the dependent variable and four independent variables. The independent variables are board size, performance transparency, profitability, and company size.

Table 1. Operational Definition of Variable

No	Variable	Definition	Measurement Indicators
1.	Capital Structure	Capital structure is the combination of various funding sources for the operation of a company. This combination of funding sources comes from debt and equity.	Debt-to-equity ratio = total debt/ total equity (Nindya et al., 2023)
2.	The size of the Board of Directors	The board of directors is the governing body responsible for decision-making and oversight of the company (Widijaya & Peny, 2020)	The number of Board of Directors members (Júnior, 2022)

No	Variable	Definition	Measurement Indicators
3.	Transparency of company performance	Transparency is measured by using the publication of the company's Social Responsibility Reports, which is the disclosure to the public regarding economic behavior (Sakinah & Ibrahim, 2016)	Dummy variable, with a value of 1 for the disclosure of CSR and corporate accountability reports that are published, and 0 otherwise Júnior, 2022)
4.	Profitability	Profitability is the profit generated by a company, measured by looking at the profit obtained through sales or investments (Chandrarin & Cahyaningsih, 2018)	Return-to-Equity Ratio = net income/ total equity (Chandrarin & Cahyaningsih, 2018)
5.	Company Size	The size of a company indicates how large or small the total assets of the company are (Chandrarin & Cahyaningsih, 2018)	Company size = 1/ log total assets (Chandrarin & Cahyaningsih, 2018)

Data Analysis

The data analysis tool used in this research is EViews 10 with the technique of panel data regression analysis. The regression equation in this study is as follows:

$$CS = \beta + \beta\, UDD + \beta\, TKP + \beta\, PROF + \beta\, SIZE + \varepsilon$$

CS   = Capital Structure
β   = Constanta
UDD   = Size of the Board of Directors
TKP   = Transparency of Company Performance
PROF = Profitability
SIZE   = Company Size
ε   = Error

RESULTS

Results of Descriptive Statistics

The results of the descriptive statistics test in Table 1 show that the minimum value of capital structure is 3,45%, held by PT Bank Danamon Indonesia in 2018, while the maximum value is 13.73%, held by PT Bank Pembangunan Daerah Banten Tbk in 2019. The minimum value of the board size variable is 2, held by Bank of India Indonesia in 2019-2021, while the maximum value is 12, held by PT Bank Central Asia Tbk in 2018, 2020, 2021, and 2022. The minimum value of the company performance transparency variable is 0, held by Bank Raya Indonesia in 2022, while the maximum value is 1, held by Bank Amar Indonesia in 2019. The minimum value of the profitability variable is -33.56%, held by PT Bank Jtrust Indonesia Tbk in 2020, while the maximum value is 48.25%, held by PT Bank Pembangunan Daerah Banten Tbk in 2019. The minimum value of the company size variable is 11,06%, held by PT Bank BTN Tbk in 2018, while the maximum value is 15,29%, held by PT Bank Bank Mandiri Tbk in 2022.

Table 2. Statistic Descriptive Test

	Y_CS	X1_UDD	X2_TKP	X3_PROF	X4_ZISE
Mean	5.500853	6.488889	0.761111	0.062642	13.64588
Median	5.273436	6.000000	1.000000	0.052037	13.41843
Maximum	13.73493	12.00000	1.000000	0.482548	15.29941
Minimum	0.345310	2.000000	0.000000	-0.335664	11.60456
Std. Dev.	2.648894	2.779592	0.427594	0.082911	0.778809
Skewness	0.806262	0.610577	-1.224710	0.350729	0.280943
Kurtosis	3.576287	2.405793	2.499915	10.40933	2.487604
Jarque-Bera					
Probability	21.99255	13.83225	46.87309	415.4269	4.336988
Sum	0.000017	0.000992	0.000000	0.000000	0.114350
Sum Sq. Dev.					
Observations	990.1535	1168.000	137.0000	11.27554	2456.259

Source: Primary data processed by EViews 10, 2024

Classic Assumption Test

Normality Test

The normality test conducted in this study uses the Kolmogorov-Smirnov test approach with histogram and probability plot graphs. Figure 2 shows a Jarque-Bera value of 1.226991 and a probability value of 0,5411456, which is greater than α (0,5411456 > 0.05). This result indicates that the data is normally distributed.
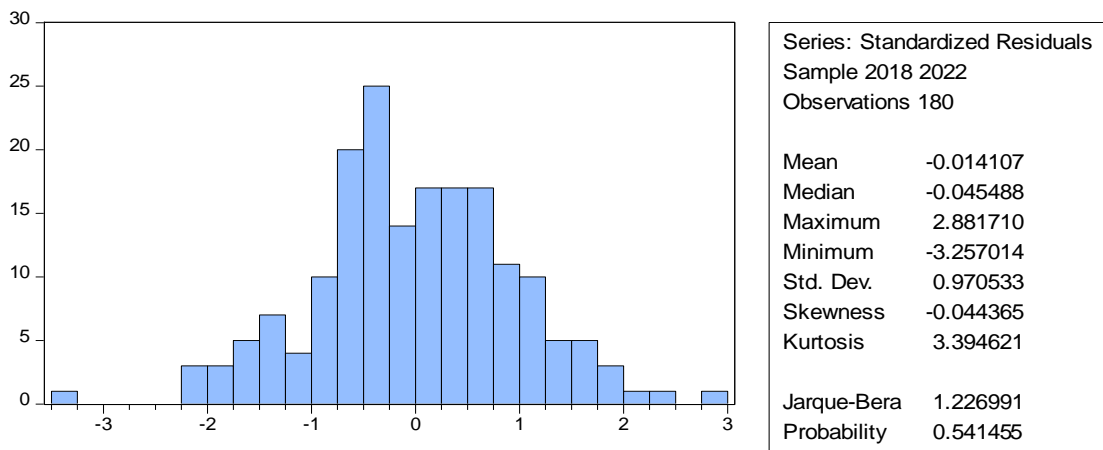

Series: Standardized Residuals	
Sample 2018 2022	
Observations 180	
Mean	-0.014107
Median	-0.045488
Maximum	2.881710
Minimum	-3.257014
Std. Dev.	0.970533
Skewness	-0.044365
Kurtosis	3.394621
Jarque-Bera	1.226991
Probability	0.541455

Figure 3. Normality Test

Multicollinearity Test

Multicollinearity testing is conducted to determine whether there is any correlation among the independent variables in a regression model. If the correlation value between the independent variables in the research model is less than 0.80, it can be said that the model does not experience multicollinearity issues (Ghozali & Ratmono, 2017).

Table 3. Result of Multicollinearity Test

	UDD	TKP	PROF	ZISE
CS	1.000000	0.072062	0.297228	0.899696
PCSR	0.072062	1.000000	0.067066	0.084423
PROF	0.297228	0.067066	1.000000	0.404928
ZISE	0.899696	0.084423	0.404928	1.000000

Based on Table 3, it can be concluded that all variables (UDD, TKP, PROF, ZISE) have inter-variable correlations of less than 0.80, indicating that there is no multicollinearity issue.

Heteroskedasticity Test

The heteroskedasticity test is used to determine whether there is a variance inequality of the residuals for all observations in a regression model. The method used to determine heteroskedasticity is the Glejser test. The condition for the absence of heteroskedasticity is if the calculated significance value is greater than 0.05 (Ghozali & Ratmono, 2017).

Table 4. Results of Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.012846	1.102634	0.918570	0.3596
X1	-0.037740	0.024846	-1.518961	0.1306
X2	-0.040168	0.061778	-0.650208	0.5164
X3	-0.128306	0.351295	-0.365239	0.7154
X4	-0.025348	0.091866	-0.275924	0.7829

Source: Primary data processed by EViews 10, 2024

Table 4 shows that the independent variable has a significant probability value above 0.05, thus it can be concluded that there is no heteroscedasticity issue.

Panel Data Regression Test Results

The method of analysis used in this study is panel data regression analysis. Table 5 shows the results of the simultaneous significance test (F-test), the coefficient of determination, and the hypothesis test (t-test). Table 5 indicates that the probability value (F-Statistic) is $0.000000 < 0.05$, which means that the variables of board size, company performance transparency, profitability, and company size have a simultaneous effect on capital structure. The Adjusted R-squared value is 18.63%, indicating that the independent variables can explain 18.63% of the dependent variable, while the remaining 81.37% is explained by other variables not included in the study.

Table 5. Results of the Capital Structure Regression Equation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-33.04391	7.314793	-4.517409	0.0000
UDD	-0.677084	0.133778	-5.061241	0.0000
PCSR	0.329901	0.278115	1.186205	0.2371
PROF	3.789025	1.666843	2.273175	0.0242
ZISE	3.114542	0.577882	5.389579	0.0000

Effects Specification		
	S.D.	Rho
Cross-section random	2.025160	0.7088
Idiosyncratic random	1.297951	0.2912

Weighted Statistics			
R-squared	0.204572	Mean dependent var	1.535939
Adjusted R-squared	0.186391	S.D. dependent var	1.449923
S.E. of regression	1.301793	Sum squared resid	296.5663
F-statistic	11.25182	Durbin-Watson stat	1.145486
Prob(F-statistic)	0.000000		

The first hypothesis (H1) states that the size of the board of directors has a negative effect on the capital structure. Based on the t-test results for the board of directors' size variable, the probability value is $0.0000 < 0.05$. With a regression coefficient value of -0.677084, this indicates a negative

effect. Thus, the board of directors' size variable negatively affects the capital structure, and the first hypothesis (H1) is accepted.

The second hypothesis (H2) states that the transparency of corporate performance has a negative effect on the capital structure. Based on the t-test results for the corporate performance transparency variable, it obtained a coefficient value of 0.329901 and a probability value of 0.2371, which is greater than the significance level of 0.05 (0.2371 > 0.05). Therefore, the transparency of corporate performance does not affect the capital structure, and the second hypothesis (H2) is rejected.

The third hypothesis (H3) states that profitability has a positive effect on capital structure. Based on the t-test results for the profitability variable, a coefficient value of 5.592902 was obtained with a probability value of 0.0242, which is smaller than the significance level of 0.05 (0.0242 < 0.05). The direction of the coefficient indicates a positive effect and the probability value is smaller than 0.05, therefore profitability has a significant positive effect on capital structure, and thus the third hypothesis (H3) is accepted.

The fourth hypothesis (H4) states that firm size has a positive effect on capital structure. Based on the t-test results for the firm size variable, a coefficient value of 3.114542 was obtained with a probability value of 0.0000, which is smaller than the significance level of 0.05 (0.0000 < 0.05). Therefore, firm size has a significant positive effect on capital structure, and thus the fourth hypothesis (H4) is accepted.

DISCUSSION

Hypothesis 1 (H1) states that the size of the board of directors negatively influences the capital structure. Based on the results of the regression test, it is concluded that the size of the board of directors negatively influences the capital structure. The larger the board of directors, the smaller the capital structure, thereby supporting the first hypothesis (H1).

Based on the phenomenon observed from 2018 to 2022 at PT Bank Pembangunan Daerah Banten Tbk, in 2018, the company had a board size of 3 with a capital structure value of 9.218698813. However, in 2020, PT Bank Pembangunan Daerah Banten Tbk had a board size of 6 with a capital structure value of 8.795503955. This phenomenon indicates that the capital structure value decreases as the board size increases. This is because a larger board size enhances the company's performance, leading to a reduction in debt.

The increasing number of board directors creates more stable corporate governance, thereby tightening the supervision of debt usage and leading to better company performance. A larger board of directors urges managers to use internal funds as the main source of financing (Widijaya & Peny, 2020).

The trade-off theory states that every decision made must consider the balance between the benefits received and the costs incurred. The size of the board of directors, which has oversight and decision-making functions, takes debt into account. In terms of benefits and costs incurred, the larger the board of directors, the smaller the capital structure, because a high level of debt increases liability costs and decreases company performance (Momongan et al., 2022). The results of this study are consistent with the research of Sanjaya & Mardianto (2021) and Momongan et al. (2022) which state that the size of the board of directors has a negative effect on capital structure.

The second hypothesis (H2) states that corporate performance transparency has a negative effect on capital structure. Based on the regression test results, it can be concluded that corporate performance transparency does not affect the capital structure, thus the second hypothesis (H2) is not supported.

Based on the phenomenon from 2018-2022, PT Bank Oke Indonesia Tbk in 2020 reported and published the corporate performance transparency report and had a capital structure of 1.488249. In 2021, PT Bank Oke Indonesia Tbk did not publish the corporate performance transparency report, yet the capital structure still increased to 1.540161. Based on this phenomenon, it can be concluded that the presence or absence of corporate performance transparency reports does not affect the capital structure.

This study aligns with the research by Novitasari et al. (2020) which found that corporate performance transparency does not affect the capital structure. Whether or not there is a corporate performance transparency report, investors continue to invest in the company. This is evident from

the many companies that do not publish corporate performance transparency reports but still have investors investing in their stocks, and customers who continue to deposit funds with these companies.

Research by Nazari et al (2017) states that companies are not obligated to publish CSR reports as it is voluntary. Investors still want to invest in companies because they know that companies are obligated to carry out CSR activities but are not obligated to publish CSR reports voluntarily (Ningrum & Asandimitra, 2017; Wardani & Lestari, 2022).

The third hypothesis (H3) states that profitability has a positive effect on capital structure. Based on the regression test results, it can be concluded that profitability has a positive effect on capital structure, thus supporting the third hypothesis (H3).

Based on this phenomenon, it occurred from 2018 to 2022 at PT Bank Pembangunan Daerah Banten Tbk in 2018, which had a profitability value of 0.140764964 and a capital structure value of 10.2181349, which increased when the profitability value also increased, such as in PT Bank Pembangunan Daerah Banten Tbk in 2021 with a profitability value of 0.154283775, resulting in a capital structure of 10.54379594. Thus, based on this phenomenon, the capital structure increases when profitability also increases.

This study is in line with the trade-off theory, which explains that high profits essentially provide higher debt ratios. High debt will reduce taxable income, thus increasing profits (Subing, 2017). According to the research by Novitasari et al. (2020) companies with high profitability tend to use more debt in their capital structure. This is because capital in banks will increase their credit distribution to customers. Furthermore, banks with high profitability have lower bankruptcy risks, so investors trust to invest their funds in these companies. These research findings support the studies by Sawiyah & Riduwan (2022) and Novitasari et al. (2020) which state that profitability has a positive effect on capital structure.

The fourth hypothesis (H4) states that company size has a positive influence on capital structure. Based on the regression test results, it can be concluded that company size has a positive influence on capital structure, thus the fourth hypothesis (H4) is accepted.

Based on data analysis, the percentage of company size at BCA in 2019 was 14.96331046 with a capital structure value of 4.249762919, and in 2020 when the company size increased to 15.03163878, the capital structure also increased to 4.794084477. Based on this phenomenon, it can be concluded that an increase in company size leads to an increase in its capital structure.

According to the trade-off theory, large banks have lower bankruptcy risks compared to small banks. This makes large banks more capable of obtaining debt. Wahdati & Santoso (2017) also state that the larger the total assets owned, coupled with increased operational results, the more it increases public trust to deposit their money and enhances investor interest to invest their funds in the bank. Therefore, large banks will use more external funds in their capital structure compared to small banks (Darajati & Hartomo, 2020). The results of this study support the research by Achmad et al (2020); Hanun (2020); Subing (2017) which state that company size has a positive influence on capital structure.

CONCLUSION

This study examines the influence of board size, performance transparency, profitability, and firm size on capital structure. The research findings indicate that board size, profitability, and firm size variables are capable of influencing capital structure. However, the performance transparency variable has not been able to affect capital structure. This is because performance transparency, proxied by CSR reports, is voluntary, so the presence or absence of such reports does not affect investors or creditors in providing their capital. This study has several limitations regarding the small sample size, as it was only conducted in banking companies. Additionally, this research is limited in the logical arrangement of the influence of the performance transparency variable on capital structure due to the limitations of previous research references. Future research could expand the sample size by using samples from all financial companies listed on the BEI. Future research could also use control variables such as liquidity and company age to minimize research bias. This study provides insights for management in formulating financing strategies and risk management.

REFERENCES

Achmad, C., Devi, N. K., & Milisani, M. (2020). Analisis Faktor-Faktor Yang Mempengaruhi Struktur Permodalan Emiten Perbankan yang Terdaftar di BEI. *Quilibriumpoint: Jurnal Manajemen dan Bisnis,* 5(2), 45–56. https://doi.org/10.46975/ebp.v5i2.180

Chandrarin, G., & Cahyaningsih, D. S. (2018). Identifikasi Struktur Modal Melalui Profitabilitas, Pertumbuhan Penjualan dan Ukuran Perusahaan. *AFRE (Accounting and Financial Review)*, *1*(1), 36–45. https://doi.org/10.26905/afr.v1i1.2246

Ghozali & Ratmono. (2017). *analisis multivariat dan ekonometrika teori, konsep, dan apliaksi dengan EVIUWS 10*. Semarang: Universitas Diponegoro.

Hanun, A. (2020). Pengaruh Pertumbuhan Penjualan, Profitabilitas, Struktur Aktiva Dan Ukuran Perusahaan Terhadap Struktur Modal (Studi Pada Perusahaan Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2012-2014). *Jurnal Ilmiah Mahasiswa FEB, 3*(2), 1–23. https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/2126

Júnior, D. M. (2022). Corporate governance and capital structure in Latin America: empirical evidence. *Journal of Capital Markets Studies*, *6*(2), 148–165. https://doi.org/10.1108/jcms-03-2022-0010

Lukman, L., Widiarto, T., & Astuty, P. (2021). Pengaruh Corporate Social Responsibility, Size dan Struktur Modal terhadap Nilai Perusahaan PT. Bank Negara Indonesia (Persero) Tbk periode Tahun 2011 - 2018. *Sosio E-Kons*, *13*(1), 48. https://doi.org/10.30998/sosioekons.v13i1.7638

Momongan, M. D., Sanjaya, K., Susiana, F., Young, H. D., & Yuwono, W. (2022). Analisis Struktur Modal Pada Perusahaan yang Terdaftar Di Bursa Efek Indonesia. *Manabis (Jurnal Manajemen Dan Bisnis*, *1*(2), 202–210. https://doi.org/10.24256/alw.v3i2.492

Ningrum, U. N. (2017). Pengaruh Kinerja Keuangan, Struktur Modal Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Dengan Gcg Dan Csr Sebagai Variabel Moderating Pada Perusahaan Peringkat Pertama Ara, Isra Dan peringkat Emas Proper Yang Listing di BEI Periode 2011-2015. *Jurnal Ilmiah Mahasiswa FEB,* 5(3), 1–14. https://ejournal.unesa.ac.id/index.php/jim/article/view/20738

Nazari, J. A., Hrazdil, K., & Mahmoudian, F. (2017). Assessing social and environmental performance through narrative complexity in CSR reports. *Journal of Contemporary Accounting and Economics*, *13*(2), 166–178. https://doi.org/10.1016/j.jcae.2017.05.002

Nindya, A. A., Supriyati, Murdiawati, D., & Prananjaya, K. P. (2023). Karakteristik Perusahaan dan Tax Avoidance: Studi pada Industri Perbankan Asia Tenggara. *Jurnal Riset Dan Aplikasi: Akuntansi Dan Manajemen*, *6*(2), 237–250. https://doi.org/10.33795/jraam.v6i2.009

Novitasari, I., Titisari, K. H., & Dewi, R. R. (2020). Pengaruh Likuiditas, Profitabilitas, Struktur Aset, Risiko Bisnis, Dan Dewan Komisaris Terhadap Struktur Modal. *Jurnal Akuntansi Unihaz*, *03*(01), 90–105. http://ecojoin.org/index.php/EJA/article/view/322/301

Rofi'atun, R., & Nabila, R. (2021). Faktor-faktor yang mempengaruhi struktur modal pada bank umum syariah. *Journal of Accounting and Digital Finance*, *1*(2), 59–71. https://doi.org/10.53088/jadfi.v1i2.78

Sakinah, & Ibrahim, M. (2016). Pengaruh Corporate Social Responsibility (SCR) dan Struktur Modal terhadap Nilai Perusahaan pada Perusahaan Pertambangan di Bursa Efek Indonesia. *Journal Online Mahasiswa Fakultas Ilmu Sosial Dan Ilmu Politik Universitas Riau*, *4*(2), 1–15. https://jom.unri.ac.id/index.php/JOMFSIP/article/view/15213

Sanjaya, K., & Mardianto. (2021). Analısa Pengaruh Tata Kelola Perusahaan Yang Baık Terhadap Struktur Modal Pada Perusahaan Dı Beı Tahun 2015 -2019. *Conference on Management, Business, Innovation, EducationandSocialScience*, *1*, 1234–1242.

Sawiyah, & Riduwan, A. (2022). Pengaruh Ukuran Perusahaan, Struktur Modal DanLikuiditas Terhadap Profitabilitas Perusahaan Perbankan. *Jurnal Ilmu Dan Riset Akuntansi*, *11*(7), 1-20. https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/4684/4682

Sheikh, N. A., & Wang, Z. (2022). Effects of corporate governance on capital structure: Empirical evidence from Pakistan. *Corporate Governance (Bingley)*, *12*(5), 629–641. https://doi.org/10.1108/14720701211275569

Subing, H. J. T. (2017). Good Corporate Governance, Profitabilitas, Ukuran Perusahaan dan Struktur Modal. *Ultimaccounting : Jurnal Ilmu Akuntansi*, *9*(1), 1–17.

https://doi.org/10.31937/akuntansi.v9i1.584

Wahdati, M. W., & Cahyo Budi Santoso. (2017). Analisis Faktor-Faktor yang Mempengaruhi Struktur Modal Pada Bank Umum Konvensional di Indonesia Tahun 2011-2016. *Measurement*, *11*(1), 78–95. https://doi.org/10.33373/mja.v11i2.1752

Wardani, D. K., & Lestari, N. D. (2022). Pengaruh Kinerja Keuangan Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility (CSR) Sebagai Variabel Pemoderasi (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2016-2019). *Jurnal Ilmiah Akuntansi*, *13*(2), 113–125. https://ejournal.unibba.ac.id/index.php/akurat/article/view/916

Widijaya, W., & Peny, P. (2020). Tata kelola perusahaan dan pengaruhnya terhadap struktur modal. *Jurnal Ekonomi Modernisasi*, *16*(3), 132–143. https://doi.org/10.21067/jem.v16i3.5060

Yusuf, M. R., & Sulung, L. A. K. (2019, October). Experience, Board size, and firm capital structure. In *3rd Asia-Pacific Research in Social Sciences and Humanities Universitas Indonesia Conference (APRISH 2018)* (pp. 232-238). Atlantis Press. https://www.atlantis-press.com/proceedings/aprish-18/125918989